

CHAPTER 65
SPECIAL FUEL*

[Prior to 12/17/86, Revenue Department[730]]

701—65.1(452A) Definitions. For the purpose of this chapter, the following definitions shall govern:

“Department” shall mean the Iowa department of revenue or the director of the Iowa department of revenue and the director’s representatives.

“Licensed metered pumps or metered pumps” shall mean pumps which have been metered, inspected, tested for accuracy, sealed and licensed by the state department of agriculture pursuant to Iowa Code section 452A.34.

“Licensed metered storage or metered storage” shall mean storage facilities which are fixed with “licensed metered pumps.”

“L.P.G.” shall mean liquefied petroleum gas.

“Owner” shall mean and include the owner or the employees, agents, or persons under the control of the owner.

“Special fuel” means fuel oils and combustible gases and liquids suitable for propelling motor vehicles or turbine-powered aircraft or any substance used for such purposes, except that it does not include motor fuel or aviation gasoline.

In addition to the preceding definitions, all of the definitions contained in Iowa Code section 452A.33 shall govern the rules in this chapter.

This rule is intended to implement Iowa Code chapter 452A.

701—65.2(452A) Time tax attaches—responsible party. The excise tax on special fuel attaches when the special fuel is (1) placed in a fuel supply tank of a motor vehicle or aircraft, or (2) placed in a “motor vehicle or aircraft special fuel holding tank.” The person responsible for the tax must collect the tax from the purchaser and remit the tax to the department. The person responsible for the tax is determined in the following manner:

1. If the special fuel is placed into a motor vehicle or aircraft special fuel holding tank by the distributor, the distributor is responsible for the tax. (See rule 701—63.26(452A) relating to licensed distributors.)

2. If the special fuel is placed into a motor vehicle or aircraft special fuel holding tank or into a fuel supply tank by a licensed special fuel dealer, the dealer is responsible for the tax.

3. If the special fuel is dispensed from licensed metered storage into a fuel supply tank of a motor vehicle or aircraft by a licensed special fuel user, the user is responsible for the tax.

4. If, upon audit, a deficiency in tax payments is discovered, the person responsible for the tax deficiency is the same person who would have been responsible for the tax had the fuel been properly accounted for at the time the tax accrued. For example, in a true consignment arrangement with a retailer dealer, i.e., where the supplier retains title to the fuel until it is sold to the final consumer, the person (dealer or user) who owns, leases or otherwise controls the storage tanks and the pumps is responsible for the tax, and not the owner of the fuel.

This rule is intended to implement Iowa Code section 452A.34.

701—65.3(452A) Motor vehicle or aircraft special fuel holding tank. There are four requirements which must be met before the storage tank will qualify as a motor vehicle or aircraft special fuel holding tank: (1) it must have a capacity of not more than 1,050 gallons, (2) it must be owned by or in the possession of the special fuel user, (3) the special fuel dispensed from the tank must be used only in a motor vehicle for highway use or use in aircraft (see rule 65.16(452A)), and (4) the special fuel must be used only by the owner or possessor of the tank. If any requirement is not met, the tank will be considered to be bulk storage. If two or more tanks are permanently connected, so as to allow special fuel to flow from one to the other, the cumulative gallonage of all tanks so connected will be considered one tank for purposes of determining the capacity of a motor vehicle or aircraft special fuel holding tank. If only

*This chapter effective through 12/31/95; see 701—Ch 69, effective 1/1/96.

a portion of the special fuel is used directly from the bulk storage tank for highway purposes or use in aircraft, the tank must be fixed with licensed metered pumps and the owner or possessor must be licensed as either a special fuel user or dealer. Any use which is not subject to tax, which is subject to credit or refund, or for which the owner or possessor claims an exemption, credit or refund (excepting exemptions to governmental units or urban transit systems pursuant to Iowa Code section 452A.35) is considered nonhighway use or used for nonhighway purposes. No refunds, credits or exemptions will be allowed for special fuel withdrawn from a motor vehicle or aircraft special fuel holding tank except as provided in Iowa Code section 452A.71 relating to casualty losses. If the owner or possessor of the motor vehicle or aircraft special fuel holding tank dispenses special fuel from the tank into the fuel supply tank of a motor vehicle or aircraft which is owned by another person, the tank shall be disqualified as a motor vehicle or aircraft special fuel holding tank, and shall be considered bulk storage. Sales of fuel into motor vehicle or aircraft special fuel tanks owned by or in the possession of the federal government, state of Iowa, any of its agencies or any political subdivision of the state shall be made tax-free if the fuel is to be used for public purposes.

65.3(1) *Pumps—license not required.* If the storage tank qualifies as a “motor vehicle or aircraft special fuel holding tank,” the placement of the fuel into the tank is defined as “use” and the special fuel must be purchased tax-paid. Since the placement of the fuel into the tank is deemed “use,” the tank need not be fixed with licensed metered pumps, and the person dispensing special fuel from the tank need not be licensed as a dealer or user for that purpose.

65.3(2) *Supplied by licensed dealers and distributors.* Special fuel dispensed into a motor vehicle or aircraft special fuel holding tank must be dispensed by a licensed special fuel dealer or distributor and must be dispensed from a facility fixed with a licensed metered pump.

This rule is intended to implement Iowa Code sections 452A.33 and 452A.34.

701—65.4(452A) *Special fuel distributors.* Any person who sells special fuel in bulk for highway or aircraft use must be licensed as a distributor pursuant to Iowa Code section 452A.36. Dispensing special fuel into a motor vehicle or aircraft special fuel holding tank shall not be considered “selling special fuel in bulk.” (See rule 701—63.26(452A) relating to licensed distributors.)

This rule is intended to implement Iowa Code section 452A.36.

701—65.5(452A) *Duty of the distributor to ascertain the status of purchaser.* When a licensed distributor sells special fuel in bulk to persons other than licensed distributors, the distributor must ascertain whether the fuel is being purchased for highway or nonhighway use or use in aircraft. If any portion of the fuel is purchased for highway or aircraft use, it must be delivered into storage fixed with licensed metered pumps and the purchaser must be licensed as a special fuel dealer or user unless the tank is a motor vehicle or aircraft special fuel holding tank.

If the fuel is purchased for highway or aircraft use, the distributor must include the purchaser’s license number on the invoice covering the sale if selling to a licensed user or collect the tax if placed into a motor vehicle or aircraft special fuel holding tank.

This rule is intended to implement Iowa Code sections 452A.34 and 452A.74(9).

701—65.6(452A) *Persons authorized to place special fuel in the fuel supply tank of a motor vehicle or aircraft.* The only persons authorized to place special fuel into the fuel supply tank of a motor vehicle or aircraft are: (1) licensed special fuel dealers, or (2) licensed special fuel users. Special fuel can be dispensed into the fuel supply tank of a motor vehicle or aircraft from a motor vehicle or aircraft special fuel holding tank only by the owner or possessor of the holding tank and the owner or possessor need not be licensed for that purpose. (See rule 65.3(452A).)

65.6(1) *Special fuel dealer’s license.* Anyone who delivers special fuel into the fuel supply tank of a motor vehicle or aircraft, which tank is owned by some other person, must be licensed as a special fuel dealer. A dealer may also fuel the dealer’s own vehicles or aircraft under this license.

65.6(2) *Special fuel user’s license.* Anyone who delivers special fuel into the fuel supply tank of a motor vehicle or aircraft, which tank is owned or leased by the person delivering it, must be licensed as

a special fuel user unless the fuel is dispensed from a motor vehicle or aircraft special fuel holding tank. If that same person delivers the fuel into tanks owned by others, that person must be licensed as a dealer in lieu of being licensed as a user.

65.6(3) *Special fuel “mobile” tank exemption.* When a person has a special fuel storage tank which is “mobile” and the storage is moved from location to location, that person may be issued a special fuel user’s license. This licensee will be allowed to move the storage tank to a new location without procuring a new license for each new location. The issuance of this license is discretionary with the director and the license will be issued only when the person requesting the license shows a need for mobile storage. The license will be issued to the licensee at the licensee’s principal place of business and each mobile storage tank is deemed a separate pump at that location.

The operation of such licensed mobile storage shall be subject to the following conditions:

- a. Each mobile storage tank must be fixed with licensed, metered pumps.
- b. Each mobile storage tank shall be assigned a separate number, and the gallonage shall be reported on a per-tank basis.
- c. Each mobile storage tank shall have printed thereon, in strokes not less than six inches in height and three-fourths inches in width, the unit number and licensee’s license number.
- d. There may be a total of only nine mobile storage tanks operated under a single license. If the licensee operates more than nine such storage tanks, the licensee must obtain a separate license for each multiple of nine or fraction thereof.
- e. When a licensee changes the licensee’s principal place of business, the license shall be canceled and the person must apply for a new license.
- f. All records required to be kept shall be maintained at the licensee’s principal place of business.
- g. Except for the requirement of having a separate license for each location where special fuel is used, the licensee shall be subject to all the requirements of other licensed special fuel users.

65.6(4) *Exemption for emergency filling by distributors.* Upon request from a stranded motorist, a licensed special fuel distributor may place up to 20 gallons of special fuel into the fuel supply tank of the stranded vehicle without being considered by the department in violation of Iowa Code section 452A.74(5) (acting as a special fuel dealer without a license), provided the distributor remits the tax thereon with the next report.

This rule is intended to implement Iowa Code sections 452A.36 and 452A.38.

701—65.7(452A) Requirements to be licensed. To become licensed as a special fuel user or dealer, a person must file with the department a completed application form for the appropriate license. A separate license is required for each place of business or location where special fuels are regularly delivered or placed into the fuel supply tank of motor vehicles or aircraft.

If a dealer is also a licensed distributor with bulk storage at more than one location, only those locations with fixed equipment designed for fueling motor vehicles or aircraft need be licensed.

If a dealer uses tank vehicles as a “dealer dispensing vehicle” (dispensing special fuel into motor vehicle or aircraft holding tanks), each vehicle need not be licensed, but each vehicle must be fixed with licensed metered pumps. The dealer must hold a dealer’s license for each bulk storage facility which supplies the tank vehicles, and each vehicle will be considered a separate pump at the facility.

At the director’s discretion, an existing special fuel dealer in good standing with the department may be issued a special license to dispense fuel from a tankwagon into the fuel supply tank of a motor vehicle. The tankwagon must be used exclusively for the fueling of motor vehicles with the exception that the tankwagon may also be used to fill the supply tank of a “reefer” unit used for cooling or heating. The tankwagon must be equipped with pumps designed to fuel motor vehicles and the pumps must be metered, inspected, tested for accuracy, sealed and licensed by the Iowa department of agriculture and land stewardship.

The tankwagon meters are considered to be additional meters at the dealer location and must be reported on the dealer’s monthly report in the same manner as the permanent meters. The tankwagon can be filled from a distributor’s storage, from a distributor’s tank vehicle, from the dealer’s metered

storage or from a separate storage tank. However, if a dealer withdraws fuel from metered storage, the dealer must maintain adequate records of tankwagon fills to account for these nontaxable withdrawals.

If a “reefer” unit is filled from a metered tankwagon pump, an exemption certificate must be prepared for that nontaxable sale.

A special fuel dealer may dispense fuel from a tankwagon into the fuel supply tank of aircraft without obtaining this special license.

This rule is intended to implement Iowa Code section 452A.36.

701—65.8(452A) Licensed metered pumps. Before a special fuel dealer’s or user’s license can be issued, all pumps designed to fuel motor vehicles or aircraft at the location to be licensed must be (1) metered, (2) inspected, (3) tested for accuracy, (4) sealed, and (5) licensed by the department of agriculture and land stewardship. (See 1970 O.A.G. 2.) If there is more than one pump at a location to be licensed, each pump will be assigned a separate pump number, and the licensee shall report the gallon-age each month with reference to such number.

Each special fuel L.P.G. distributor, dealer or user may elect to measure L.P.G. for the tax purposes either temperature compensated to 60 degrees Fahrenheit, or without temperature compensation. If the special fuel L.P.G. distributor, dealer or user elects to measure L.P.G. temperature compensated to 60 degrees Fahrenheit for tax purposes, the L.P.G. distributor, dealer or user must use computing meters which are of an automatic temperature compensating type which shall compute gross gallons corrected to 60 degrees Fahrenheit.

This rule is intended to implement Iowa Code section 452A.34.

701—65.9(452A) Single license for each location. A single license is required for each separate place of business or location where special fuels are delivered into the fuel supply tank of a motor vehicle or aircraft. (See rule 65.7(452A) for exceptions.) All dealer or user operations at that location will be conducted under that license. A licensee may have a different type of license (dealer, user) for each separate location where special fuel is dispensed. For instance, if a licensee holds a special fuel dealer’s license for location A and a special fuel user’s license for location B, the licensee may sell fuel to others or fuel the licensee’s own vehicles at location A, but may only fuel the licensee’s own vehicles at location B.

This rule is intended to implement Iowa Code section 452A.36.

701—65.10(452A) Dealer’s and user’s license nonassignable. A special fuel dealer’s license or special fuel user’s license cannot be assigned. The following nonexclusive situations will be considered an assignment:

1. A change in the name under which the licensee conducts business.
2. A change in the location where the business is conducted.
3. A sale of the business (even if the new owner(s) operates under the same business name).
4. A merger or other business combination which results in a new or different entity.

This rule is intended to implement Iowa Code section 452A.36.

701—65.11(452A) Separate storage—bulk sales—highway or aircraft use. If a person is operating under both a special fuel distributor’s license and a special fuel dealer’s or user’s license, there must be separate storage for bulk sales and sales for highway or aircraft use. If any amount of special fuel in a storage facility is to be used directly from that storage for highway or aircraft purposes or if the storage is connected to a device which is designed in such a way as to be able to fuel motor vehicles or aircraft, all fuel dispensed from the storage shall be dispensed through licensed metered pumps. Tax will be paid on the fuel dispensed which is not exempt as evidenced by exemption certificates.

This rule is intended to implement Iowa Code section 452A.34.

701—65.12(452A) Combined storage—bulk sales—highway/aircraft sales or use. If a person is operating under both a special fuel distributor’s license and a special fuel dealer’s or user’s license,

special fuel may be dispensed for bulk nontaxable sales and for taxable highway or aircraft sales from the same storage if, and only if, the following requirements are complied with:

1. All pumps which are of such a design to be able to fuel motor vehicles or aircraft must be licensed, sealed, metered and inspected as provided in rule 65.8(452A).
2. All fuel passing through the pumps is taxed unless supported by exemption certificates.
3. All pumps which are not licensed, sealed, metered, and inspected must be of such a design that it is impossible to use them to place fuel into the fuel supply tank of a motor vehicle or aircraft or into a motor vehicle or aircraft special fuel holding tank.
4. Accurate records must be kept showing all purchases of fuel and all nontaxable bulk sales of fuel.

All special fuel which is placed in this combined storage is presumed to be for highway or aircraft use and taxable unless supported by exemption certificates (for fuel passing through the licensed pumps) or detailed records showing bulk sales for nonhighway use or to other users or dealers (for fuel passing through the nonlicensed pumps). (See 1968 O.A.G. 592.) If at any time the licensee fails to comply with the requirements of this rule, separate storage for taxable sales and nontaxable bulk sales will be required under rule 65.11(452A).

Persons licensed only as a special fuel dealer or special fuel user are also allowed to use combined storage, provided they also comply with the above provisions.

This rule is intended to implement Iowa Code sections 452A.34, 452A.37, and 452A.38.

701—65.13(452A) Exemption certificates. If special fuel is dispensed from metered highway or aircraft storage for other than highway or aircraft purposes, an exemption certificate must be completed by the seller and signed by the purchaser. The original copy is to be retained by the dealer or user and a copy is to be given to the purchaser. The exemption certificate shall include, but not be limited to, the following information: (1) the date, (2) the seller's name, (3) the seller's dealer (user) license number, (4) the invoice number covering the fuel sold (if sold by a dealer), (5) an indication of the use to which the fuel will be put, and (6) the name, address, and signature of the purchaser (user). The exemption certificate will be provided by the department or a dealer may provide the exemption certificate provided it contains all information required by the director.

These sales of special fuel from metered highway or aircraft storage shall be limited to the following uses:

1. Placed directly into a fuel supply tank which is connected to the heating or cooling unit installed on a highway "reefer" unit, provided the fuel supply tank is not connected nor has provisions for connection directly or indirectly to the power source of the highway motor vehicle.
2. Placed directly into the fuel supply tank of a nonhighway motor vehicle.
3. Special fuel placed into carry-out containers.
4. Sales to the federal government.

All other sales for other than highway or aircraft use, except as provided in rule 65.14(452A), must be from bulk storage, and not from metered highway or aircraft storage. (See rule 65.18(452A), sales tax.)

This rule is intended to implement Iowa Code section 452A.34.

701—65.14(452A) Tank vehicles. A licensed special fuel distributor or licensed special fuel dealer may dispense special fuel from a tank vehicle through the same licensed metered pump for other than highway or aircraft bulk sales and into motor vehicle or aircraft special fuel holding tanks, and an exemption certificate is not required for the other than highway or aircraft sales. In the event adequate records showing taxable and nontaxable sales are lacking or incomplete, this privilege may be revoked by the director and separate storage and meters may be required.

This rule is intended to implement Iowa Code section 452A.34.

701—65.15(452A) Special fuel sold to the state of Iowa, its political subdivisions, contract carriers under contract with public schools to transport pupils or regional transit systems.

65.15(1) If special fuel is sold to the state of Iowa, its agencies, a political subdivision of the state, or a regional transit system for public use, or a use specified in Iowa Code section 452A.57(11), and placed in storage, it may be sold tax-free. Fuel sold by a dealer and delivered directly into the fuel supply tank of a motor vehicle or aircraft must be sold tax-paid. Since the special fuel delivered into storage is not subject to tax, the governmental unit or regional transit system need not be licensed as a special fuel user. However, if the special fuel is used by a governmental unit or regional transit system for other than “public purposes,” or a purpose specified in Iowa Code section 452A.57(11), it must obtain a user’s license and pay the tax on all highway or aircraft special fuel used from the storage.

All other sales of special fuel for highway or aircraft use to the state of Iowa, its agencies, a political subdivision of the state, or a regional transit system shall be on a tax-paid basis. If the exempt governmental unit or regional transit system subsequently uses the tax-paid fuel for a public purpose or a purpose specified in Iowa Code section 452A.57(11), it shall be entitled to claim a refund. The refund will be allowed pursuant to the provisions of rule 701—64.15(452A).

65.15(2) Special fuel sold to a contract carrier under contract with public schools to transport pupils. When special fuel is sold directly to contract carriers who have a contract with a public school under Iowa Code section 285.5 for the transportation of pupils of an approved public or nonpublic school, the fuel shall be sold tax-paid.

If the contract carrier is licensed as a special fuel dealer or user, the licensee may buy the fuel tax-free, but it must be remitted on the monthly dealer or user report. If the contract carrier is licensed as an urban transit system, the licensee can buy all fuel tax-free, but the tax for fuel used for the transportation of pupils must be remitted on the quarterly urban transit system report.

Any contract carrier who has paid the tax is entitled to a refund. A refund requested by contract carriers will be reduced by the applicable sales tax, unless otherwise exempt. All contract carriers must apply to the department for a refund registration even if they currently hold a motor fuel tax license.

The refund will be allowed pursuant to the provisions of rule 701—64.22(452A).

This rule is intended to implement Iowa Code sections 452A.3 and 452A.35.

701—65.16(452A) Refunds to persons not licensed under chapter 452A. Refunds of taxes paid on special fuel used for other than highway or aircraft use are available to persons not licensed under Iowa Code sections 452A.17 and 452A.18, and rules 701—64.8(452A) and 701—64.9(452A). The refunds are available if the tax has been paid, the special fuel is used other than in watercraft, aircraft or to propel motor vehicles, the person requesting the refund has a refund permit, and the claim is filed within the appropriate time and in the appropriate manner with the appropriate supporting documents. (See rules 701—64.8(452A) to 701—64.11(452A).) The income tax credit set forth in rule 701—64.11(452A) shall apply equally to special fuel.

By definition, all fuel placed into a motor vehicle or aircraft special fuel holding tank must be for highway or aircraft use. Therefore, a refund for other than highway or aircraft use of special fuel is not available for fuel dispensed from a motor vehicle or aircraft special fuel holding tank. However, fuel used in the fuel supply tank of a motor vehicle or aircraft as a fuel source for off-loading procedures is considered a nonpropulsion use, and will not disqualify the storage as a motor vehicle or aircraft special fuel holding tank. The fuel used for off-loading will also be subject to refund.

A refund for taxes paid on special fuel lost through casualty or like cause is available under Iowa Code section 452A.71 as set forth in rule 701—64.12(452A).

This rule is intended to implement Iowa Code sections 452A.17 and 452A.71.

701—65.17(452A) Credit to persons licensed under chapter 452A. Persons licensed as a distributor, dealer or user under Iowa Code chapter 452A are entitled to credits for taxes paid on special fuel in the same manner as for taxes paid on motor fuel. See rules 701—64.7(452A) (nonhighway use and casualty losses) and 701—63.17(452A) (taxes erroneously or illegally collected). Since special fuel distributors file on a quarterly basis, all applications for credit must be filed with the current quarterly report or

separately within the current quarter to be within the three-month statute of limitations except for taxes erroneously or illegally collected, which can be claimed within one year from the overpayment.

This rule is intended to implement Iowa Code sections 452A.16 and 452A.72.

701—65.18(452A) Sales tax charged if sale is exempt from fuel tax. Under Iowa Code section 422.45(11), “The gross receipts from the sale of motor fuel and special fuel consumed for highway use or in watercraft or aircraft where the fuel tax has been imposed and paid and no refund has or will be allowed,” are exempt from the Iowa state sales tax. Therefore, unless the special fuel is used for some other exempt purpose under Iowa Code section 422.42(3) or 422.45 (e.g., used for processing, used for agricultural purposes, used by an exempt governmental entity, used by a private nonprofit educational institution), the refund or credit of taxes on special fuel will be reduced by the applicable sales tax. The sales tax will also be charged on all exempt sales of special fuel. (See sales tax rule 701—18.37(452A).) The sales base upon which the sales tax will be applied shall include all federal excise taxes, but will not include the Iowa motor vehicle fuel tax. *W. M. Gurley v. Army Rhoden*, 421 U.S. 200, 44 L.Ed. 110, 95 S.Ct. 1605.

This rule is intended to implement Iowa Code sections 422.45(11), 422.52(4), 452A.34 and 452A.71.

701—65.19(452A) Location of records—special fuel users and dealers. The records required to be prepared and kept by special fuel dealers and users under Iowa Code section 452A.37 and rule 701—63.3(452A) must be maintained at the location that appears on the license unless the following conditions are met:

65.19(1) If the licensee has more than one license, all of the records for each separate license may be kept at a central location so long as the records for each license are kept separated.

65.19(2) The central location where the records are kept is within the state unless:

a. The licensee agrees to bring the records back into the state when requested to do so by the department for purposes of audit, or

b. The licensee agrees to pay the cost (as defined in rule 701—63.4(452A)) of an out-of-state audit.

This rule is intended to implement Iowa Code sections 452A.37 and 452A.74(2).

701—65.20(452A) Natural gas used as special fuel—time tax attaches—responsible party.

The excise tax on natural gas shall attach at the time of delivery into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a motor vehicle.

All natural gas used as a special fuel shall be delivered into compressing equipment through sealed meters certified for accuracy by the department of agriculture.

Persons responsible for placing natural gas into compressing equipment must hold a license as a dealer or user as defined in Iowa Code section 452A.33.

The tax is due no later than the last day of the month following the month the natural gas was placed into the compressing equipment.

This rule is intended to implement Iowa Code section 452A.34.

701—65.21(452A) Key/card-activated pumps.

65.21(1) Special fuel may be dispensed tax-free from key/card-activated pumps which dispense only nonhighway fuel providing the fuel is placed into storage tanks or in fuel supply tanks of vehicles which are used for nonhighway purposes. The dealer has the responsibility to ascertain how the fuel will be used by the key/cardholder and to monitor its use. The key/cardholder must have a valid need for purchasing the fuel tax-free and may submit a blanket exemption to the dealer provided detailed records are maintained by the dealer which can be audited by the department. If detailed records are not maintained, individual exemption certificates will be required to support each tax-free sale. The pump must be designed in such a manner that the fuel is dispensed at a rate of at least 20 gallons per minute. If the department finds that a key/cardholder purchasing fuel tax-free subsequently uses it for highway purposes, the department will notify the dealer that the key/cardholder is no longer eligible to

purchase fuel tax-free. If the dealer continues to make tax-free sales to the key/cardholder after notice, the department will initiate proceedings to cancel the dealer's special fuel license.

65.21(2) Special fuel may be dispensed tax-free from key/card-activated pumps which dispense both highway and nonhighway fuel providing the dealer collects a certificate of exemption each time a purchase of nonhighway fuel is made or the key/cardholder submits a monthly exemption certificate to the dealer to substantiate exempt purchases of nonhighway fuel. All sales of fuel made from pumps which dispense both highway and nonhighway fuel which are not supported by an exemption certificate are deemed to be a tax-paid sale and the dealer is responsible for the tax on the sale.

This rule is intended to implement Iowa Code sections 452A.34 and 452A.68.

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